

DE 03-224

GRANITE STATE ELECTRIC COMPANY

Request to Adjust Retail Rates For Effect January 1, 2004

Order Approving Request to Adjust Retail Rates

O R D E R N O. 24,257

December 31, 2003

APPEARANCES: Laura S. Olton, Esq. for Granite State Electric Company; Office of Consumer Advocate by Kenneth Traum on behalf of residential ratepayers; and Amy Ignatius, Esq. of the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On November 24, 2003, Granite State Electric Company (GSEC) filed with the New Hampshire Public Utilities Commission (Commission) a request to adjust a number of retail rates for GSEC customers, for service rendered on or after January 1, 2004. The adjustments involve GSEC's Stranded Cost Charge, also referred to as its Contract Termination Charge, Transition Service, Default Service, Transmission Service Cost Adjustment, the Systems Benefits Charge and the Conservation and Load Management fund balance. GSEC filed testimony of Scott M. McCabe and Anne M. Rodrigues in support of the request.

The Commission, on December 2, 2003, entered an Order of Notice summarizing the terms of the request, setting a deadline of December 12, 2003 for intervention requests and

scheduling a hearing on the merits for December 12, 2003. There were no requests for intervention.

Though there was no formal discovery schedule, Commission Staff (Staff) propounded data requests on December 10, 2003, to which GSEC responded on December 12, 2003.

II. POSITIONS OF THE PARTIES AND STAFF

A. Granite State Electric Company

GSEC initially estimated the overall effect of the rate changes would be an increase of \$0.00138 per kWh which, for a residential customer using 500 kWh per month would be an increase of 1.39%, from \$53.84 to \$54.59. GSEC subsequently corrected a typographical error in its sales forecast, which had the effect of lowering the increase by a small amount. The corrected increase for a 500 kWh residential customer would be 1.02%, from \$53.84 to \$54.39.

The Commission approved this adjustment mechanism in GSEC's Amended Restructuring Settlement Agreement, Docket DR 98-012. The specific changes are as follows:

The Stranded Cost Charge, also referred to as the Contract Termination Charge (CTC), billed to GSEC from New England Power Company, would decrease from the current rate of \$0.0066 per kWh to \$0.0057 per kWh. The decrease is due to a lower amount being billed by New England Power Company. The

annual reconciliation of the CTC, however, will be conducted after thorough review, in Docket DE 03-228.

The Transition Service Adjustment Factor would be a credit of \$0.00107 per kWh, an increase from the current credit of \$0.00058 per kWh. The credit is designed to correct an over-collection from Transition Service customers. In addition, the structure of the Transition Service rate has changed slightly and one of the Transition Service factors has been eliminated.

A Default Service Adjustment factor is for those customers who procure electricity from a competitive supplier but seek to return to supply service from GSEC. There are only three such customers. The proposed Default Service Adjustment factor is \$0.00006 per kWh, which is an increase due to under-collection in prior periods.

A Transmission Service Cost Adjustment reconciles transmission revenue and expenses. The proposed rate is \$0.00617 per kWh, which is an increase from the current Transmission Charge of \$0.00569 per kWh.

GSEC did not seek adjustment to the Systems Benefits Charge (SBC) even though it testified there is currently an under-collection of \$78,414 associated with the low income portion of the SBC. That under-collection will be dealt with in another forum at the Commission.

Finally, GSEC proposed to adjust its Conservation and Load Management (C&LM) refund factor due to an over-refund of \$24,869 to residential customers and \$139,868 to commercial and industrial customers. The refund factor would be \$0.00008 per kWh for residential customers and \$0.00025 per kWh for commercial and industrial customers.

B. Office of Consumer Advocate

Though the Office of Consumer Advocate (OCA) did not notify the Commission that it would participate on behalf of residential ratepayers, pursuant to RSA 363:28, it nevertheless appeared and questioned three aspects of the filing.

OCA explored the match up of transmission expenses and estimates for 2003 and 2004 and forecasted growth in kWh that GSEC used in the transmission charge adjustment calculations.

OCA noted that in prior periods there has been an under-collection of default service charges without an attempt to recover these revenues, and queried why at this time GSEC was seeking an adjustment. GSEC testified that it had held off until the under-collection became sizable, but now that the under-recovery was approximately \$51,000 GSEC believed it should take action and not let the under-recovery increase any further.

OCA also questioned the over-refund of the C&LM factor. According to GSEC, it had failed to withhold its performance incentives due to GSEC when making the C&LM refunds,

and thus over-refunded customers. This led to a record request and late filed Exhibit #3, which GSEC submitted on December 16, 2003 delineating when GSEC was authorized to collect performance incentives on C&LM programs.

C. Commission Staff

Staff did not file testimony in this docket but clarified a few points regarding GSEC's requested adjustments:

Staff confirmed the cumulative effect of the various rate adjustments as well as plans to address the under-collection of SBC charges and the CTC reconciliation in other Commission forums.

Staff also noted that, although GSEC is required to file rate adjustments no less than 30 days prior to implementation, it would be extremely helpful in the review of the requests if they could be filed 45 to 60 days in advance. In response to Staff's request, GSEC stated that it anticipated that 60 days would be difficult, given the need to obtain final data for some calculations, but would make every effort to file 45 days in advance.

III. COMMISSION ANALYSIS

We have reviewed the proposed changes to GSEC's Contract Termination Charge, Transition Service, Default Service, Transmission Service, Systems Benefits Charge and Conservation and Load Management refund factor, as well as the

forecasts on which the charges are based. We find the adjustments to be supported by the evidence and calculated in accordance with GSEC's Amended Restructuring Settlement Agreement approved in Docket DR 98-012. The changes will result in rates that are just and reasonable and in the public interest. We will approve the requested rate adjustments as filed, effective for service rendered on or after January 1, 2004.

We await further proceedings for the reconciliation of the CTC charge and adjustment for the under-recovery for the low income portion of the Systems Benefits Charge.

Based upon the foregoing, it is hereby

ORDERED, that the requested adjustments to retail rates are hereby APPROVED for service rendered on or after January 1, 2004.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of December, 2003.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Graham J. Morrison
Commissioner

Attested by:

Michelle A. Caraway
Assistant Executive Director